LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 30 JUNE 2012

- **Net sales for the second quarter EUR 169.7 million (EUR 162.2 million); operating profit EUR 14.1 million (EUR 8.9 million); operating profit excluding non-recurring items EUR 12.1 million (EUR 9.7 million); earnings per share EUR 0.24 (EUR 0.19)**
- **Net sales for January–June EUR 341.0 million (EUR 321.7 million); operating profit EUR 19.1 million (EUR 15.3 million); operating profit excluding non-recurring items EUR 17.2 million (EUR 16.5 million); earnings per share EUR 0.31 (EUR 0.29)**
- **Full-year net sales in 2012 are expected to remain at the 2011 level. Operating profit, excluding non-recurring items, is expected to remain at the 2011 level or improve slightly.**

CEO PEKKA OJANPÄÄ:
"Our performance in the second quarter was in line with our expectations, and measures taken to improve profitability began to produce results. Environmental Services primarily accounted for the increase in our operating profit excluding non-recurring items. Completion of the oil re-refinery business rearrangement will simplify the structure of our business portfolio, and provide more resources for key business development. Implementation of key projects underway to optimise logistics, lower working capital and develop procurement operations will continue in the second half."

GROUP NET SALES AND FINANCIAL PERFORMANCE

Second quarter
Lassila & Tikanoja's net sales for the second quarter increased by 4.6% to EUR 169.7 million (EUR 162.2 million). Operating profit was EUR 14.1 million (EUR 8.9 million), representing 8.3% (5.5%) of net sales, and operating profit excluding non-recurring items was EUR 12.1 million (EUR 9.7 million). Earnings per share were EUR 0.24 (EUR 0.19).

Net sales grew in all divisions apart from Cleaning and Office Support Services, growth being primarily organic. Demand for waste management and process cleaning services, and for wood-based fuels in particular, perked up from the comparison period.

Profitability in the quarter improved thanks to volume growth in Environmental Services and good performance in shutdown-related work in the industry sector. The joint venture L&T Recoil was also able to improve its profitability, and Renewable Energy Sources to halve its losses. Non-recurring compensation of EUR 0.7 million paid in accordance with the collective labour agreement taxed the profitability.

A non-recurring capital gain of EUR 4.2 million was recorded for the quarter, from the sale of holdings in the joint venture L&T Recoil Oy, and non-recurring costs totalling EUR 2.2 million from the rearrangement and efficiency enhancement measures taken in Environmental Services and in the Swedish business.

January–June
Lassila & Tikanoja's net sales for January–June amounted to EUR 341.0 million (EUR 321.7 million); an increase of 6.0%. Operating profit was EUR 19.1 million (EUR 15.3 million), representing 5.6% (4.8%) of net sales, and operating profit excluding non-recurring items was EUR 17.2 million (EUR 16.5 million). Earnings per share were EUR 0.31 (EUR 0.29).

Net sales grew in the first half, thanks to stronger demand for Environmental Services and wood-based fuels. More than half of the growth seen in the first half was organic.

Operating profit excluding non-recurring items improved slightly from the comparison period; this could be attributed to volume growth in Environmental Services and smaller fixed costs in Renewable Energy Sources. Performance in January-June was taxed by the increase seen in the first quarter in fuel and repair costs in Environmental Services, and in subcontracting and labour costs in Property Maintenance.

Financial summary

	4-6/ 2012	4-6/ 2011	Change %	1-6/ 2012	1-6/ 2011	Change %	1-12/ 2011
Net sales, EUR million	**169.7**	162.2	4.6	**341.0**	321.7	6.0	652.1
Operating profit excluding non-recurring items, EUR million*	**12.1**	9.7	24.7	**17.2**	16.5	4.2	44.3
Operating profit, EUR million	**14.1**	8.9	59.6	**19.1**	15.3	24.5	25.6
Operating margin, %	**8.3**	5.5		**5.6**	4.8		3.9
Profit before tax, EUR million	**10.8**	7.7	40.2	**14.8**	13.1	12.7	21.0
Earnings per share, EUR	**0.24**	0.19	26.3	**0.31**	0.29	6.9	0.44
EVA, EUR million	**7.9**	1.9	315.8	**6.4**	1.7	276.5	-2.2

* Breakdown of operating profit excluding non-recurring items is presented below the division reviews.

NET SALES AND FINANCIAL PERFORMANCE BY DIVISION

Environmental Services

Second quarter

The division’s net sales for the second quarter were up by 5.5% to EUR 88.1 million (EUR 83.5 million). Operating profit totalled EUR 14.6 million (EUR 9.2 million) and operating profit excluding non-recurring items was EUR 11.2 million (EUR 9.2 million).

Strong demand for waste management and process cleaning services powered the division's net sales upwards. In addition, recycling volumes grew and the prices of secondary raw materials stayed at a healthy level. Growth in the quarter was primarily organic.

The division’s operating profit improved from the comparison period, thanks to volume growth in waste management services and a good performance in shutdown-related work in the industry sector. Volume growth in recycling also boosted the division's profitability. Joint venture L&T Recoil’s profitability improved as a non-scheduled maintenance shutdown of the kind that had a negative impact on performance in the comparison period was not required in this quarter.

The division’s year-on-year net sales from international operations declined slightly while operating profit remained unchanged.

At the end of the quarter, L&T sold its 50 percent holding in the joint venture L&T Recoil to the co-owner, EcoStream Oy. The sale price consisted of a EUR 10 million cash contribution and a slightly lower than 20 percent interest in EcoStream. A non-recurring capital gain of EUR 4.2 million on the arrangement was recorded for the quarter. At the same time, a non-recurring cost of EUR 2.0 million was recorded in financial expenses, consisting of interest receivable from subordinated loans granted to the joint venture.

As part of the operational enhancement programme announced on 26 April 2012, the division took actions involving a non-recurring cost of EUR 0.8 million recorded for the period, including a write-down associated with the closure of a hazardous waste treatment facility located in Tuusula.

January–June

The Environmental Services division’s net sales for January–June amounted to EUR 165.1 million (EUR 156.0 million), showing an increase of 5.9%. Operating profit totalled EUR 17.6 million (EUR 13.4 million) and operating profit excluding non-recurring items was EUR 14.2 million (EUR 13.4 million).

The majority of growth in the division was generated by waste management services and process cleaning services required by the industry. Demand for both services perked up after a subdued first quarter. Growth was primarily organic.

Profitability in the first quarter was burdened by the increase in fuel and repair costs and weaker profitability in international operations (Latvia, Russia). In the second quarter, the volume growth in waste management services and strong performance in the shutdown-related assignments in the industrial sector drove profitability up.

Recycled raw material volumes remained healthy in the first half, as did the prices of secondary raw materials (fibres, plastics, metals).

Cleaning and Office Support Services

Second quarter

The division's net sales for the second quarter totalled EUR 40.7 million (EUR 40.8 million), showing a decrease of 0.3%. Operating profit totalled EUR 0.2 million (EUR 1.0 million) and operating profit excluding non-recurring items was EUR 1.2 million (EUR 1.2 million).

Net sales from Finnish operations decreased somewhat from the comparison period, even though sales of commissioned assignments developed as expected. In the absence of business acquisition and integration costs that taxed the result in the comparison period, the result for Finnish operations improved.

Results from international operations remained negative due to loss-making operations in Sweden. The savings programme launched in Sweden in April will continue in the second half.

The non-recurring cost of EUR 1.0 million associated with the reorganisation of the Swedish operations eroded the division's operating profit.

January–June

The January–June net sales of Cleaning and Office Support Services increased by 5.7% to EUR 80.0 million (EUR 75.6 million). Operating profit totalled EUR 1.1 million (EUR 2.5 million) and operating profit excluding non-recurring items was EUR 2.2 million (EUR 2.7 million).

Acquisitions made in the previous spring contributed to net sales growth from the comparison period. Demand for commissioned assignments remained at the previous year's level.

Swedish operations were in the red, which taxed the division's operating profit. The result from Finnish operations was slightly better than in the comparison period, although the increase in service prices did not fully cover the rise in labour costs.

Property Maintenance

Second quarter

The division's net sales for the second quarter were up by 2.7% to EUR 31.7 million (EUR 30.9 million). Operating profit totalled EUR 0.8 million (EUR 0.8 million) and operating profit excluding non-recurring items was EUR 0.9 million (EUR 0.8 million).

An increase in the damage repair services workload contributed to a slight increase in the division's net sales from the comparison period.

The quarter's operating profit remained unchanged, thanks to production efficiency enhancement measures taken in property maintenance and tighter subcontracting cost control.

January–June

The division's net sales for January–June were up by 3.1% to EUR 72.0 million (EUR 69.8 million). Operating profit totalled EUR 1.5 million (EUR 2.7 million) and operating profit excluding non-recurring items was EUR 1.6 million (EUR 2.7 million).

Expansion of the damage repair service network and the resulting increase in workload contributed to the increase in the division's net sales in the first half.

Meanwhile, operating profit declined; this could be attributed to tougher price competition than a year earlier and the increase in subcontracting and overtime costs seen in the first quarter.

Renewable Energy Sources

Second quarter
Second quarter net sales of Renewable Energy Sources (L&T Biowatti) were up by 26.0% to EUR 12.1 million (EUR 9.6 million). The division recorded an operating loss of EUR 0.7 million (a loss of EUR 1.3 million), and an operating loss excluding non-recurring items of EUR 0.6 million (a loss of EUR 1.3 million).

There was a marked improvement in the division's net sales from the comparison period, due to stronger demand for wood-based fuels. However, the weak energy content of forest processed chips undermined the division's profitability. Smaller depreciation and volume growth helped curtail operating loss from the comparison period.

January–June
January–June net sales of Renewable Energy Sources (L&T Biowatti) were up by 15.9% to EUR 29.7 million (EUR 25.6 million). Operating profit amounted to EUR 0.1 million (a loss of EUR 2.0 million), and operating profit excluding non-recurring items was EUR 0.2 million (a loss of EUR 1.6 million).

Net sales increased from the comparison period thanks to successful new sales. Despite the negative impact of chips' weak energy content on first-half results, profitability improved thanks to smaller depreciation and a trimmer cost structure.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	**4-6/ 2012**	**4-6/ 2011**	**1-6/ 2012**	**1-6/ 2011**	**1-12/ 2011**
Operating profit	**14.1**	8.9	**19.1**	15.3	25.6
Non-recurring items:					
Gain on sale of holding in L&T Recoil Oy	**-4.2**		**-4.2**		
Impairment of hazardous waste treatment facility in Tuusula	**0.3**		**0.3**		
Impairment of L&T Biowatti					17.1
Discontinuation of wood pellet production of L&T Biowatti				0.1	0.1
Restructuring costs	**1.9**	0.8	**2.0**	1.1	1.5
Operating profit excluding non-recurring items	**12.1**	9.7	**17.2**	16.5	44.3

FINANCING

Cash flows from operating activities amounted to EUR 31.6 million (EUR 31.5 million). EUR 2.4 million was released from the working capital (EUR 3.2 million).

At the end of the period, interest-bearing liabilities amounted to EUR 129.5 million (EUR 154.5 million). Net interest-bearing liabilities amounted to EUR 112.7 million, showing a decrease of EUR 14.5 million from the beginning of the year and EUR 31.3 million from the comparison period.

Net finance costs amounted to EUR 4.3 million (EUR 2.2 million) in January–June. This increase could be attributed to the non-recurring cost recognition of EUR 2.0 million on interest receivable from subordinated loans given to L&T Recoil Oy. Net finance costs were 1.3% (0.7%) of net sales.

The average interest rate on long-term loans (with interest-rate hedging) was 2.5% (3.1%). Long-term loans totalling EUR 10.7 million will mature during the rest of the year.

The equity ratio was 43.3% (42.0%) and the gearing rate 53.8 (67.6). Liquid assets at the end of the period amounted to EUR 16.7 million (EUR 10.5 million).

Of the EUR 100 million commercial paper programme, EUR 34.0 million (EUR 23.5 million) was in use at the end of the period. A committed limit totalling EUR 30.0 million, was not in use, as was the case in the comparison period.

DISTRIBUTION OF ASSETS

The Annual General Meeting held on 15 March 2012 resolved that the profit for 2011 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.55 per share would be paid for the financial year 2011. The capital repayment, totalling EUR 21.3 million, was paid to the shareholders on 27 March 2012.

CAPITAL EXPENDITURE

In January–June capital expenditure totalled EUR 27.8 million (EUR 45.1 million) and was mainly comprised of machine and equipment purchases.

In the second quarter, the Environmental Services division acquired the waste management business of Sita Finland Oy in Oulu.

PERSONNEL

In January–June the average number of employees converted into full-time equivalents was 8,220 (8,228). The total number of full-time and part-time employees at the end of the period was 9,817 (10,389). Of them 7,689 (8,198) people worked in Finland and 2,128 (2,191) people in other countries.

SHARE AND SHARE CAPITAL

Traded volume and price
The volume of trading excluding the shares held by the company in Lassila & Tikanoja plc shares on NASDAQ OMX Helsinki in January–June was 5,653,917 which is 14.6% (13.4%) of the average number of outstanding shares. The value of trading was EUR 59.1 million (EUR 68.2 million). The trading price varied between EUR 12.15 and EUR 8.59. The closing price was EUR 9.36. At the end of the period, the company held 113,305 of its own shares. The market capitalisation excluding the shares held by the company was EUR 362.1 million (EUR 467.9 million) at the end of the period.

Own shares
At the end of the period the company held 113,305 of its own shares, representing 0.3% of all shares and votes.

Share capital and number of shares
The company's registered share capital amounts to EUR 19,399,437, and the number of outstanding shares to 38,685,569 shares. The average number of shares excluding the shares held by the company totalled 38,685,569.

Share option scheme 2008
In 2008, 230,000 share option rights were issued. The exercise period in NASDAQ OMX Helsinki ended on 31 May 2012. No shares were subscribed for pursuant to the option rights.

Share-based incentive programme 2012
Lassila & Tikanoja plc's Board of Directors decided on 14 December 2011 on a new share-based incentive programme. Rewards will be based on the EVA result of Lassila & Tikanoja group without L&T Recoil. They will be paid partly as shares and partly in cash. The part paid in cash will cover the taxes caused by the reward. Based on the programme a maximum of 65,520 shares of the company can be granted. The company will buy the shares from the stock market. The programme covers 22 persons.

Shareholders
At the end of the period, the company had 9,525 (9,498) shareholders. Nominee-registered holdings accounted for 15.3% (12.2%) of the total number of shares.

Authorisation for the Board of Directors
The Annual General Meeting held on 15 March 2012 authorised Lassila & Tikanoja plc's Board of Directors to make decisions on the repurchase of the company's own shares using the company's unrestricted equity.

The Board of Directors is authorised to purchase a maximum of 500,000 company shares, which is 1.3% of the total number of shares. The share issue authorisation will be effective for 18 months.

RESOLUTIONS BY THE GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 15 March 2012, adopted the financial statements for the financial year 2011 and released the members of the Board of Directors and the Presidents and CEOs from liability.

The AGM resolved that the profit for 2011 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.55 per share, as proposed by the Board of Directors, would be paid for the financial year 2011 on the basis of the balance sheet adopted. The capital repayment, totalling EUR 21.3 million, payment date was resolved to be on 27 March 2012.

The Annual General Meeting confirmed the number of the members of the Board of Directors five. The following Board members were re-elected to the Board until the end of the following AGM: Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala.

KPMG Oy Ab, Authorised Public Accountants, was elected auditor. KPMG Oy Ab has announced that it will name Lasse Holopainen, Authorised Public Accountant, as its principal auditor.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 15 March 2012.

BOARD OF DIRECTORS

The members of the Board of Directors are Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala. In its constitutive meeting the Board elected Heikki Bergholm as Chairman of the Board and Eero Hautaniemi as Vice Chairman.

From among its members, the Board elected Eero Hautaniemi as Chairman and Sakari Lassila and Miikka Maijala as members of the audit committee. Heikki Bergholm was elected as Chairman of the remuneration committee and Hille Korhonen as member of the committee.

SUMMARY OF STOCK EXCHANGE RELEASES PURSUANT TO ARTICLE 7, CHAPTER 2 OF THE SECURITIES MARKETS ACT

In a release published on 26 April 2012 the company announced that it is launching a new operational enhancement programme to improve its profitability and to adapt operations to the current market environment.

In a release published on 2 May 2012 the company announced that Jorma Mikkonen, Vice President, Environmental Services, leaves the Group Executive Board of Lassila & Tikanoja plc.

In a release published on 8 May 2012 the company announced that Lassila & Tikanoja plc and EcoStream Oy are negotiating on a business transaction in which Lassila & Tikanoja will sell its 50 percent holding in the joint venture L&T Recoil Oy to EcoStream Oy, a co-owner.

In a release published on 25 June 2012 the company announced that it has sold its 50 percent holding in joint venture L&T Recoil Oy to the co-owner, EcoStream Oy.

NEAR-TERM UNCERTAINTIES

Economic uncertainty may cause radical changes in the Environmental Services division’s secondary raw material markets and in industrial customer relationships.

Uncertainties associated with government subsidies for renewable fuels and with their continuity could affect demand for the Renewable Energy Sources division's services.

More detailed information on L&T's risks and risk management is available in the Annual Report for 2011, in the report of the Board of Directors, and in the consolidated financial statements.

OUTLOOK FOR THE REST OF THE YEAR

Despite the economic uncertainty, the outlook for Environmental Services is, by and large, stable, but any changes in demand for industrial services may complicate operational adjustments.

The business environment for Cleaning and Office Support Services and Property Maintenance is expected to remain stable, though price competition will remain tough.

Demand for Renewable Energy Sources' (L&T Biowatti) wood-based fuels is expected to pick up from the comparison period, and the more effective cost structure should result in profitability improvement.

Full-year net sales in 2012 are expected to remain at the 2011 level. Operating profit, excluding non-recurring items, is expected to remain at the 2011 level or improve slightly.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY–30 JUNE 2012

CONSOLIDATED INCOME STATEMENT

EUR 1000	**4-6/ 2012**	**4-6/ 2011**	**1-6/ 2012**	**1-6/ 2011**	**1-12/ 2011**
Net sales	**169 692**	162 186	**340 978**	321 660	652 130
Cost of sales	**-151 299**	-146 068	**-311 010**	-292 726	-584 152
Gross profit	**18 393**	16 118	**29 968**	28 934	67 978
Other operating income	**5 011**	890	**5 559**	1 570	3 038
Selling and marketing costs	**-4 945**	-4 219	**-9 036**	-8 015	-15 217
Administrative expenses	**-3 408**	-3 372	**-6 416**	-6 338	-11 408
Other operating expenses	**-605**	-557	**-696**	-827	-1 733
Impairment, non-current assets	**-302**		**-302**		-5 677
Impairment, goodwill and other intangible assets					-11 384
Operating profit	**14 144**	8 860	**19 077**	15 324	25 597
Finance income	**148**	341	**503**	640	1 041
Finance costs	**-3 504**	-1 504	**-4 819**	-2 867	-5 644
Profit before tax	**10 788**	7 697	**14 761**	13 097	20 994
Income tax expense	**-1 447**	-421	**-2 656**	-1 825	-4 030
Profit for the period	**9 341**	7 276	**12 105**	11 272	16 964
Attributable to:					
Equity holders of the company	**9 342**	7 276	**12 111**	11 270	16 960
Non-controlling interest	**-1**		**-6**	2	4
Earnings per share for profit attributable to the equity holders of the company:					
Basic earnings per share, EUR	**0.24**	0.19	**0.31**	0.29	0.44
Diluted earnings per share, EUR	**0.24**	0.19	**0.31**	0.29	0.44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1000	**4-6/ 2012**	**4-6/ 2011**	**1-6/ 2012**	**1-6/ 2011**	**1-12/ 2011**
Profit for the period	**9 341**	7 276	**12 105**	11 272	16 964
Other comprehensive income, after tax					
Hedging reserve, change in fair value	**348**	-1 145	**657**	-224	-487
Revaluation reserve					
Gains in the period		-2	**3**	-4	-4
Current available-for-sale financial assets	**0**	-2	**3**	-4	-4
Currency translation differences	**-601**	11	**80**	43	111
Currency translation differences, non-controlling interest	**-15**		**3**		-11
Other comprehensive income, after tax	**-268**	-1 136	**743**	-185	-391
Total comprehensive income, after tax	**9 073**	6 140	**12 848**	11 087	16 573
Attributable to:					
Equity holders of the company	**9 089**	6 141	**12 851**	11 084	16 580
Non-controlling interest	**-16**	-1	**-3**	3	-7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1000	**6/2012**	**6/2011**	**12/2011**
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	**119 735**	123 293	119 509
Customer contracts arising from acquisitions	**9 027**	12 087	10 591
Agreements on prohibition of competition	**2 534**	12 077	3 162
Other intangible assets arising from business acquisitions	**67**	258	78
Other intangible assets	**8 968**	13 031	11 149
	140 331	160 746	144 489
Property, plant and equipment			
Land	**4 129**	4 634	4 589
Buildings and constructions	**47 604**	79 267	78 217
Machinery and equipment	**122 185**	115 980	120 015
Other	**85**	84	85
Prepayments and construction in progress	**5 423**	5 097	4 616
	179 426	205 062	207 522
Other non-current assets			
Available-for-sale investments	**7 293**	613	605
Finance lease receivables	**3 848**	3 433	3 578
Deferred tax assets	**3 713**	4 566	6 323
Other receivables	**2 946**	3 288	3 315
	17 800	11 900	13 821
Total non-current assets	**337 557**	377 708	365 832
Current assets			
Inventories	**26 941**	24 830	27 953
Trade and other receivables	**107 862**	96 740	91 629
Derivative receivables	**113**	772	419
Prepayments	**2 688**	2 646	438
Current available-for-sale financial assets	**6 997**	3 299	2 299
Cash and cash equivalents	**9 739**	7 185	5 770
Total current assets	**154 340**	135 472	128 508
TOTAL ASSETS	**491 897**	513 180	494 340

EUR 1000	**6/2012**	**6/2011**	**12/2011**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the company			
Share capital	**19 399**	19 399	19 399
Share premium reserve		50 673	
Other reserves	**-1 729**	-2 274	-2 469
Unrestricted equity reserve	**29 381**	-15	50 658
Retained earnings	**150 200**	133 548	133 125
Profit for the period	**12 111**	11 270	16 960
	209 362	212 601	217 673
Non-controlling interest	**268**	281	271
Total equity	**209 630**	212 882	217 944
Liabilities			
Non-current liabilities			
Deferred tax liabilities	**30 301**	32 157	29 389
Retirement benefit obligations	**667**	677	628
Provisions	**2 589**	2 710	2 500
Borrowings	**74 208**	101 456	92 914
Other liabilities	**1 021**	1 017	960
	108 786	138 017	126 391
Current liabilities			
Borrowings	**55 260**	53 012	42 319
Trade and other payables	**116 630**	107 073	105 751
Derivative liabilities	**859**	1 696	1 850
Tax liabilities	**13**	24	85
Provisions	**719**	476	
	173 481	162 281	150 005
Total liabilities	**282 267**	300 298	276 396
TOTAL EQUITY AND LIABILITIES	**491 897**	513 180	494 340

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1000	**6/2012**	**6/2011**	**12/2011**
Cash flows from operating activities			
Profit for the period	**12 105**	11 272	16 964
Adjustments			
Income tax expense	**2 657**	1 825	4 030
Depreciation, amortisation and impairment	**22 123**	21 823	61 548
Finance income and costs	**4 315**	2 227	4 602
Gain on sale of shares	**-4 413**		
Other	**448**	-368	-858
Net cash generated from operating activities before change in working capital	**37 235**	36 779	86 286
Change in working capital			
Change in trade and other receivables	**-17 313**	-12 309	-7 843
Change in inventories	**-2 177**	3 127	9
Change in trade and other payables	**21 853**	12 380	11 055
Change in working capital	**2 363**	3 198	3 221
Interest paid	**-3 036**	-3 026	-6 165
Interest received	**526**	539	1 020
Income tax paid	**-5 523**	-6 013	-9 896
Net cash from operating activities	**31 565**	31 477	74 466
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	**-807**	-23 574	-24 430
Proceeds from sale of Group companies and businesses, net of sold cash	**7 820**		
Purchases of property, plant and equipment and intangible assets	**-21 381**	-20 331	-45 503
Proceeds from sale of property, plant and equipment and intangible assets	**255**	1 724	1 850
Purchases of available-for-sale investments			-20
Change in other non-current receivables	**368**	98	98
Proceeds from sale of available-for-sale investments			
Dividends received	**1**		
Net cash used in investing activities	**-13 744**	-42 083	-68 005
Cash flows from financing activities			
Change in short-term borrowings	**16 087**	17 751	8 712
Proceeds from long-term borrowings	**10 200**	20 000	20 000
Repayments of long-term borrowings	**-14 197**	-9 875	-19 761
Dividends paid and other asset distribution	**-21 254**	-21 284	-21 284
Repurchase of own shares			-517
Net cash generated from financing activities	**-9 164**	6 592	-12 850

EUR 1000	6/2012	6/2011	12/2011
Net change in liquid assets	**8 657**	-4 014	-6 389
Liquid assets at beginning of period	**8 069**	14 548	14 548
Effect of changes in foreign exchange rates	**10**	-50	-90
Change in fair value of current available-for-sale investments			
Liquid assets at end of period	**16 736**	10 484	8 069

Liquid assets

EUR 1000	6/2012	6/2011	12/2011
Cash and cash equivalents	**9 739**	7 185	5 770
Available-for-sale financial assets	**6 997**	3 299	2 299
Total	**16 736**	10 484	8 069

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1000	Share capital	Share premium reserve	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Equity at 1.1.2012	**19 399**	**0**	**-1 412**	**0**	**-1 057**	**50 658**	**150 085**	**217 673**	**271**	**217 944**
Expense recognition of share-based benefits							93	93		93
Repurchase of own shares										
Capital repayment						-21 277	22	-21 255		-21 255
Total comprehensive income			80	3	657		12 111	12 851	-3	12 848
Equity at 30.6.2012	**19 399**	**0**	**-1 332**	**3**	**-400**	**29 381**	**162 311**	**209 362**	**268**	**209 630**
Equity at 1.1.2011	**19 399**	**50 673**	**-1 523**	**-48**	**-570**	**0**	**154 785**	**222 716**	**278**	**222 994**
Expense recognition of share-based benefits							90	90		90
Repurchase of own shares							-37	-37		-37
Dividends paid							-21 290	-21 290		-21 290
Transfer from revaluation reserve				52		-15		37		37
Total comprehensive income			43	-4	-224		11 270	11 085	3	11 088
Equity at 30.6.2011	**19 399**	**50 673**	**-1 480**	**0**	**-794**	**-15**	**144 818**	**212 601**	**281**	**212 882**

KEY FIGURES

	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
Earnings per share, EUR	**0.24**	0.19	**0.31**	0.29	0.44
Earnings per share, diluted, EUR	**0.24**	0.19	**0.31**	0.29	0.44
Cash flows from operating activities per share, EUR	**0.59**	0.54	**0.82**	0.81	1.92
EVA, EUR million	**7.9**	1.9	**6.4**	1.7	-2.2
Capital expenditure, EUR 1000	**16 359**	32 235	**27 833**	45 103	70 590
Depreciation, amortisation and impairment, EUR 1000	**11 297**	11 255	**22 123**	21 823	61 548
Equity per share, EUR			**5.41**	5.49	5.63
Return on equity, ROE, %			**11.3**	10.3	7.7
Return on invested capital, ROI, %			**11.3**	8.9	7.6
Equity ratio, %			**43.3**	42.0	44.5
Gearing, %			**53.8**	67.6	58.3
Net interest-bearing liabilities, EUR 1000			**112 732**	143 984	127 165
Average number of employees in full-time equivalents			**8 220**	8 228	8 513
Total number of full-time and part-time employees at end of period			**9 817**	10 389	9 357
Number of outstanding shares adjusted for issues, 1000 shares					
average during the period			**38 686**	38 737	38 722
at end of period			**38 686**	38 736	38 686
average during the period, diluted			**38 709**	38 768	38 762

ACCOUNTING POLICIES

This interim report release is in compliance with IAS 34 standard. The same accounting policies as in the annual financial statements for the year 2011 have been applied. The following new, revised or amended IFRS standards and IFRIC interpretations that have become effective in 2012 have not had an impact on the financial statements:

- IFRS 7 (amendment) Financial Instruments: Disclosures – Derecognition
- IAS 12 (amendment) Income taxes – Deferred tax
- annual improvements to IFRS.

The preparation of financial statements in accordance with IFRS require the management to make such estimates and assumptions that affect the carrying amounts at the balance sheet date for the assets and liabilities and the amounts of revenues and expenses. Judgements are also made in applying the accounting policies. Actual results may differ from the estimates and assumptions.

The interim report has not been audited.

SEGMENT INFORMATION

Net sales

EUR 1000	4-6/2012 External	4-6/2012 Inter-division	4-6/2012 Total	4-6/2011 External	4-6/2011 Inter-division	4-6/2011 Total	Total net sales, change %
Environmental Services	**87 159**	**967**	**88 126**	82 644	891	83 535	5.5
Cleaning and Office Support Services	**40 170**	**488**	**40 658**	40 418	366	40 784	-0.3
Property Maintenance	**31 266**	**452**	**31 718**	30 324	555	30 879	2.7
Renewable Energy Sources	**11 097**	**1 002**	**12 099**	8 800	800	9 600	26.0
Eliminations	**0**	**-2 909**	**-2 909**		-2 612	-2 612	
L&T total	**169 692**	**0**	**169 692**	162 186	0	162 186	4.6

EUR 1000	1-6/2012 External	1-6/2012 Inter-division	1-6/2012 Total	1-6/2011 External	1-6/2011 Inter-division	1-6/2011 Total	Total net sales, change %
Environmental Services	**163 120**	**1 997**	**165 117**	154 164	1 800	155 964	5.9
Cleaning and Office Support Services	**79 071**	**908**	**79 979**	74 967	673	75 640	5.7
Property Maintenance	**71 151**	**866**	**72 017**	68 536	1 282	69 818	3.1
Renewable Energy Sources	**27 636**	**2 047**	**29 683**	23 993	1 618	25 611	15.9
Eliminations		**-5 818**	**-5 818**		-5 373	-5 373	
L&T total	**340 978**	**0**	**340 978**	321 660	0	321 660	6.0

EUR 1000	1-12/2011 External	1-12/2011 Inter-division	1-12/2011 Total
Environmental Services	322 264	3 620	325 884
Cleaning and Office Support Services	155 817	1 454	157 271
Property Maintenance	132 399	2 192	134 591
Renewable Energy Sources	41 650	3 752	45 402
Eliminations	0	-11 018	-11 018
L&T total	652 130	0	652 130

Operating profit

EUR 1000	4-6/ 2012	%	4-6/ 2011	%	1-6/ 2012	%	1-6/ 2011	%	1-12/ 2011	%
Environmental Services	**14 567**	**16.5**	9 182	11.0	**17 582**	**20.0**	13 357	16.0	33 970	10.4
Cleaning and Office Support Services	**235**	**0.6**	1 001	2.5	**1 080**	**2.7**	2 476	6.1	7 131	4.5
Property Maintenance	**790**	**2.5**	769	2.5	**1 541**	**4.9**	2 671	8.6	8 181	6.1
Renewable Energy Sources	**-733**	**-6.1**	-1 325	-13.8	**54**	**0.4**	-1 976	-20.6	-21 250	-46.8
Group admin. and other	**-715**		-767		**-1 180**		-1 204		-2 435	
L&T total	**14 144**	**8.3**	8 860	5.5	**19 077**	**11.2**	15 324	9.4	25 597	3.9
Finance costs, net	**3 356**		-1 163		**-4 316**		-2 227		-4 603	
Profit before tax	**10 788**		7 697		**14 761**		13 097		20 994	

Other segment information

EUR 1000	**6/2012**	**6/2011**	**12/2011**
Assets			
Environmental Services	**321 796**	350 779	346 224
Cleaning and Office Support Services	**57 348**	55 471	54 302
Property Maintenance	**48 240**	40 773	45 048
Renewable Energy Sources	**28 838**	41 447	27 346
Group admin. and other	**9 704**	2 065	2 528
Unallocated assets	**25 971**	22 645	18 892
L&T total	**491 897**	513 180	494 340
Liabilities			
Environmental Services	**63 701**	57 782	57 367
Cleaning and Office Support Services	**32 351**	30 191	29 804
Property Maintenance	**17 046**	16 808	15 889
Renewable Energy Sources	**7 060**	4 284	3 932
Group admin. and other	**1 054**	1 598	1 343
Unallocated liabilities	**161 055**	189 635	168 061
L&T total	**282 267**	300 298	276 396

EUR 1000	**4-6/2012**	**4-6/2011**	**1-6/2012**	**1-6/2011**	**1-12/2011**
Capital expenditure					
Environmental Services	**6 372**	16 846	**12 554**	25 660	43 362
Cleaning and Office Support Services	**1 053**	12 138	**2 570**	13 360	14 721
Property Maintenance	**1 997**	3 033	**5 672**	5 664	11 776
Renewable Energy Sources	**233**	203	**330**	291	454
Group admin. and other	**6 704**	15	**6 707**	128	277
L&T total	**16 359**	32 235	**27 833**	45 103	70 590
Depreciation and amortisation					
Environmental Services	**8 112**	7 620	**16 118**	14 999	30 760
Cleaning and Office Support Services	**1 245**	1 280	**2 514**	2 233	4 928
Property Maintenance	**1 568**	1 188	**3 047**	2 257	4 873
Renewable Energy Sources	**66**	1 167	**138**	2 334	3 919
Group admin. and other	**4**		**4**		7
L&T total	**10 995**	11 255	**21 821**	21 823	44 487
Impairment					
Environmental Services	**302**		**302**		
Renewable Energy Sources					17 061
L&T total	**302**	0	**302**	0	17 061

INCOME STATEMENT BY QUARTER

EUR 1000	**4-6/ 2012**	**1-3/ 2012**	**10-12/ 2011**	**7-9/ 2011**	**4-6/ 2011**	**1-3/ 2011**	**10-12/ 2010**	**7-9/ 2010**
Net sales								
Environmental Services	**88 126**	76 991	84 014	85 906	83 535	72 429	73 992	75 806
Cleaning and Office Support Services	**40 658**	39 321	40 101	41 530	40 784	34 856	34 580	35 659
Property Maintenance	**31 718**	40 299	33 451	31 322	30 879	38 939	31 596	26 926
Renewable Energy Sources	**12 099**	17 584	12 578	7 213	9 600	16 011	15 266	7 617
Inter-division net sales	**-2 909**	-2 909	-3 143	-2 502	-2 612	-2 761	-3 927	-2 238
L&T total	**169 692**	171 286	167 001	163 469	162 186	159 474	151 507	143 770
Operating profit								
Environmental Services	**14 567**	3 015	8 305	12 308	9 182	4 175	8 204	10 930
Cleaning and Office Support Services	**235**	845	937	3 718	1 001	1 475	181	4 088
Property Maintenance	**790**	751	1 928	3 582	769	1 902	633	3 263
Renewable Energy Sources	**-733**	787	-18 189	-1 085	-1 325	-651	-361	-1 432
Group admin. and other	**-715**	-465	-887	-344	-767	-437	-104	-574
L&T total	**14 144**	4 933	-7 906	18 179	8 860	6 464	8 553	16 275
Operating margin								
Environmental Services	**16.5**	3.9	9.9	14.3	11.0	5.8	11.1	14.4
Cleaning and Office Support Services	**0.6**	2.1	2.3	9.0	2.5	4.2	0.5	11.5
Property Maintenance	**2.5**	1.9	5.8	11.4	2.5	4.9	2.0	12.1
Renewable Energy Sources	**-6.1**	4.5	-144.6	-15.0	-13.8	-4.1	-2.4	-18.8
L&T total	**8.3**	2.9	-4.7	11.1	5.5	4.1	5.6	11.3
Finance costs, net	**-3 356**	-960	-1 099	-1 277	-1 163	-1 064	-987	-1 272
Profit before tax	**10 788**	3 973	-9 005	16 902	7 697	5 400	7 566	15 003

BUSINESS ACQUISITIONS

Business combinations in aggregate

Consideration

EUR 1000	Fair values used in consolidation
Cash	999
Equity instruments	
Contingent consideration	151
Total consideration transferred	1 150
Indemnification asset	
Fair value of equity interest held before the acquisition	
Total consideration	1 150
Acquisition-related costs (included in the administrative expenses in the consolidated financial statements)	6

Recognised amounts of identifiable assets acquired and liabilities assumed

Property, plant and equipment	515
Customer contracts	162
Agreements on prohibition of competition	151
Other intangible assets arising from business acquisitions	
Other intangible assets	
Non-current available-for-sale financial assets	
Inventories	2
Trade and other receivables	87
Cash and cash equivalents	154
Total assets	1 072
Deferred tax liabilities	
Non-current interest-bearing liabilities	44
Trade and other payables	146
Retirement benefit obligations	
Contingent liability	
Total liabilities	190
Total identifiable net assets	881
Non-controlling interest	
Goodwill	268
Total	1 150

Acquisitions by Property Maintenance
- 1 January 2012, the property maintenance operations of IK Kiinteistöpalvelu Oy.
- 1 February 2012, the business of Jyvässeudun Talonmiehet Oy and Kiinteistöhuolto Markku Hyttinen Oy.

Acquisitions by Environmental Services
- 1 May 2012, the waste management business of Sita Finland Oy in Oulu.

The figures for these acquired businesses are stated in aggregate, because none of them is of material importance when considered separately. Fair values have been determined as of the time the acquisition was realised. No business operations have been divested as a consequence of any acquisition. All acquisitions have been paid for in cash. With share acquisitions, L&T was able to gain 100% of the voting rights. The conditional consideration is tied to the transfer of the customer contracts to Lassila & Tikanoja plc, and the estimates of the fair values of considerations were determined on the basis of probability-weighted final acquisition price. The estimates for the conditional consideration have not changed between the time of acquisition and the balance sheet date. Trade and other receivables have been recorded at fair value at the time of acquisition. Individual acquisition prices have not been itemised because none of them is of material importance when considered separately. Profit for the period includes changes allocated to acquisition prices amounting to EUR 150 thousand.

By net sales, the largest acquisition was the business of Jyvässeudun Talonmiehet Oy (EUR 858 thousand).

It is not possible to itemise the effects of the acquired businesses on the consolidated net sales and profit for the period, because L&T integrates its acquisitions into the current business operations as quickly as possible to gain synergy benefits.

The accounting policy concerning business combinations is presented in Annual Report under Note 2 of the consolidated financial statements and under Summary on significant accounting policies.

CHANGES IN INTANGIBLE ASSETS

EUR 1000	**1-6/2012**	**1-6/2011**	**1-12/2011**
Carrying amount at beginning of period	**144 489**	142 681	142 681
Business acquisitions	**356**	21 973	22 859
Other capital expenditure	**954**	1 593	2 646
Disposals	**-1 455**	0	-18
Amortisation and impairment	**-4 221**	-5 382	-23 865
Transfers between items			
Exchange differences	**208**	-119	186
Carrying amount at end of period	**140 331**	160 746	144 489

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1000	**1-6/2012**	**1-6/2011**	**1-12/2011**
Carrying amount at beginning of period	**207 522**	200 700	200 700
Business acquisitions	**515**	4 468	4 441
Other capital expenditure	**19 303**	17 069	40 616
Disposals	**-30 143**	-756	-477
Depreciation and impairment	**-17 902**	-16 441	-37 683
Transfers between items			
Exchange differences	**131**	22	-75
Carrying amount at end of period	**179 426**	205 062	207 522

CAPITAL COMMITMENTS

EUR 1000	**1-6/2012**	**1-6/2011**	**1-12/2011**
Intangible assets	**220**	100	0
Property, plant and equipment	**5 050**	9 244	4 593
Total	**5 270**	9 344	4 593
The Group’s share of capital commitments of joint ventures	**0**	550	0

RELATED-PARTY TRANSACTIONS
(Joint ventures)

EUR 1000	**1-6/2012**	**1-6/2011**	**1-12/2011**
Sales	**939**	862	2 489
Other operating income	**24**	38	63
Interest income	**391**	466	707
Non-current receivables			
Capital loan receivable		22 146	24 396
Current receivables			
Trade receivables		2 272	2 710
Loan receivables		1 452	1 633

CONTINGENT LIABILITIES

Securities for own commitments

EUR 1000	6/2012	6/2011	12/2011
Mortgages on rights of tenancy	**186**	42 179	42 186
Company mortgages	**460**	21 460	21 460
Other securities	**200**	195	174
Bank guarantees required for environmental permits	**5 848**	5 331	5 702

Other securities are security deposits.

Off balance sheet liabilities

Lassila & Tikanoja plc has given a guarantee for a share of 50 percent of L&T Recoil Oy's financial liabilities.
The guarantee is valid no later than the maturity date of the liabilities on 31 August 2014.
The financial liabilities of L&T Recoil totalled EUR 34.5 million on 30 June 2012.

Operating lease liabilities

EUR 1000	6/2012	6/2011	12/2011
Maturity not later than one year	**6 332**	8 284	7 708
Maturity later than one year and not later than five years	**10 470**	18 813	15 504
Maturity later than five years	**2 443**	4 375	4 185
Total	**19 245**	31 472	27 397

Liabilities associated with derivative agreements

Interest rate and currency swaps

EUR 1000	6/2012	6/2011	12/2011
Nominal values of interest rate and currency swaps*			
Maturity not later than one year	**12 444**	18 204	13 429
Maturity later than one year and not later than five years	**22 596**	58 520	38 033
Maturity later than five years			
Total	**35 040**	76 724	51 462
Fair value	**-545**	-1 669	-1 504
Nominal value of interest rate swaps**			
Maturity not later than one year	**4 000**		4 000
Maturity later than one year and not later than five years	**18 364**		19 455
Maturity later than five years	**3 636**		4 545
Total	**26 000**		28 000
Fair value	**-314**		-144

* The interest rate and currency swaps are used to hedge cash flow related to a floating rate loan, and hedge accounting under IAS 39 has been applied to it. The hedges have been effective, and the changes in the fair values are shown in the consolidated statement of comprehensive income for the period. On the balance sheet date, the value of foreign currency loans was EUR 0.1 million positive. The fair values of the swap contracts are based on the market data at the balance sheet date.

** Hedge accounting under IAS 39 has not been applied to these interest rate swaps. Changes in fair values have been recognised in finance income and costs.

Commodity derivatives

metric tons	**6/2012**	**6/2011**	**12/2011**
Nominal values of diesel swaps			
Maturity not later than one year	**3 816**	5 070	2 544
Maturity later than one year and not later than five years	**1 272**	1 272	636
Total	**5 088**	6 342	3 180
Fair value, EUR 1000	**112**	705	419

Commodity derivative contracts were concluded, for hedging of future diesel oil purchases. IAS 39 -compliant hedge accounting will be applied to these contracts, and the effective change in fair value will be recognised in the hedging reserve within equity. The fair values of commodity derivatives are based on market prices at the balance sheet date.

Currency derivatives

EUR 1000	**6/2012**	**6/2011**	**12/2011**
Volume of forward contracts			
Maturity not later than one year			1 079
Fair value			-19

Hedge accounting under IAS 39 has not been applied to forward contracts. Changes in fair values have been recognised in finance income and costs.

CALCULATION OF KEY FIGURES

Earnings per share:
profit attributable to equity holders of the parent company / adjusted average basic number of shares

Earnings per share, diluted:
profit attributable to equity holders of the parent company / adjusted average diluted number of shares

Cash flows from operating activities/share:
cash flow from operating activities as in the statement of cash flows / adjusted average number of shares

EVA:
operating profit - cost calculated on invested capital (average of four quarters)
WACC 2011: 7.7% and WACC 2012: 7.1%

Equity per share:
equity attributable to equity holders of the parent company / adjusted basic number of shares at end of period

Return on equity, % (ROE):
(profit for the period / equity (average)) x 100

Return on investment, % (ROI):
(profit before tax + finance costs) / (total equity and liabilities - non-interest-bearing liabilities (average)) x 100

Equity ratio, %:
equity / (total equity and liabilities - advances received) x 100

Gearing, %:
net interest-bearing liabilities / equity x 100

Net interest-bearing liabilities:
interest-bearing liabilities - liquid assets

Operating profit excluding non-recurring items:
operating profit +/- non-recurring items

Helsinki, 23 July 2012

LASSILA & TIKANOJA PLC
Board of Directors

Pekka Ojanpää
President and CEO

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Lassila & Tikanoja specialises in environmental management and property and plant support services. L&T is a significant supplier of wood-based biofuels, recovered fuels and recycled raw materials. With operations in Finland, Sweden, Latvia and Russia, L&T employs 10,000 persons. Net sales in 2011 amounted to EUR 652 million. L&T is listed on NASDAQ OMX Helsinki.

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